This Notice Was Authorized by the United States District Court for the Northern District of New York. This is not a solicitation from a lawyer.

Notice of Proposed Class Action Settlement and Fairness Hearing You May Include Yourself in a Class Action Settlement and Receive a Check for $250

Klippel v. Portfolio Recovery Associates, LLC
United States District Court, Northern District of New York
Case No.: 15-cv-01061-MAD-TWD

- ► This is a Notice to inform you about a proposed settlement (the "Settlement") in a class action lawsuit brought against Portfolio Recovery Associates, LLC, (the "Defendant") related to a collection letter it sent to you.

- ► Unless you opt out, you will be included as a Class Member and you will therefore be a party to the Settlement.

- ► This Notice describes the Settlement and informs you of your rights.

- ► Please carefully read the entire Notice. If you take no action, you WILL be included in the Settlement and will receive its benefits, including a check for $250.
  - If you do not wish to be included in the Settlement, you must follow the procedures stated in response to Question 10 below no later than [XXXXXX].
  - If you wish to be included as a Class Member but to object to the terms of the Settlement, you must follow the procedures stated in response to Question 11 below no later than [XXXXXX].
  - If you do nothing, you will automatically be included as a Class Member and will receive the benefits of the Settlement.

Do not be alarmed. You are not being sued.

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Basic Information

1. What is this lawsuit about?

In August 2014, Defendant Portfolio Recovery Associates, LLC commenced an action against Plaintiff, Mr. Russell Klippel, in Johnstown City Court in New York, even though Plaintiff does not live in the City of Johnstown. Plaintiff alleges that, in the process of commencing that lawsuit, the Defendant falsely asserted in court papers, including the Summons that Mr. Klippel resides within the City of Johnstown. Plaintiff alleges that the assertion as to Mr. Klippel's residence was misleading and deceptive.

Plaintiff filed a class action lawsuit in the United States District Court for the Northern District of New York. He alleged in part that the Defendant violated the federal Fair Debt Collection Practices Act ("FDCPA"), a law that forbids misleading and abusive debt collection practices. Plaintiff claimed the Defendant violated the FDCPA when it sent him a summons stating that he resided within the City of Johnstown and therefore could be sued in Johnstown City Court, even though the Defendant had reason to know that Mr. Klippel did not reside there. Plaintiff also named as a defendant Catherine Hedgeman, Esq., an attorney who works for the Defendant who signed the summons and complaint served on Plaintiff.

The Defendant denies that it violated any law or committed any wrongdoing. The Defendant has averred that it believes that, if the matter is not settled, it ultimately will not be required to pay any money to any Class Members because its conduct is subject to certain legal defenses and safe harbors, including that any alleged misrepresentations in the summonses were *bona fide* errors and that they were not significant enough to require a finding liability.

2. What is a class action and who is involved?

In a class action lawsuit, a person called a "Class Representative" files a lawsuit on behalf of himself/herself and others who have similar claims. In this case, Mr. Klippel is the "Class Representative" or the "Plaintiff." Together, the people with similar claims will, unless they opt out, be "Class Members" who will be bound by the Settlement. Portfolio Recovery Associates, LLC is the Defendant. Since each Class Member has the same or similar claims against the Defendant, one court action can resolve the issues for everyone in the Settlement Class. In this case, the parties have identified [__] persons who will be sent this Notice and will be provided an opportunity to include themselves in the Settlement.

3. Why did I get this Notice?

You received this Notice because available records show that you received a summons that was substantially similar to the one sent to Mr. Klippel. As a result, unless you opt out, you will be included as a Class Member and be subject to the terms of the Settlement as described in response to Questions 7 and 8 below.

Specifically, individuals will be included as Class Members absent a specific request to the contrary if they meet the following definition:

> Natural persons who were sued by PRA in a state court consumer collection action brought within the Northern District of New York in a city court in this District in an action

in which a summons misrepresented the state court's jurisdiction over the defendant by stating in the summons , in relevant part: "BASIS FOR VENUE: Defendant resides in jurisdiction of CITY OF__________ " [or any substantially similar statement], in which the address of the state court defendant's residence is listed in the summons and/or complaint, and is outside the jurisdiction of the relevant city court, and, in which the summons was filed within one year of the initiation of the instant class action. The Settlement Class will only include individuals who received a summons and/or complaint signed by Catherine Hedgeman, Esq. The Settlement Class will not include anyone who filed for bankruptcy after the alleged violation took place or anyone who is deceased. For purposes of determining whether an address listed in a summons is "outside the jurisdiction of the relevant city court," the parties agree that this shall mean that the residence of a consumer to whom a summons was addressed was not in the city for whose city court the collection action was filed in *or* in a town that is (i) within the same county and (ii) contiguous to the city by land.

4. Why is there a Settlement?

Both sides agreed to a settlement before going to trial in order to avoid the costs and uncertainties of litigation. The Class Representative and counsel for the class ("Class Counsel") believe the Settlement is in the best interest of all Class Members.

The Claims in the Lawsuit

5. What did the Plaintiff ask for?

The Plaintiff sought money damages for the Class Members under the FDCPA, which provides statutory damages for an individual ranging from $1 to $1,000, and a declaration that the Defendant's practices were in violation of the statute.

6. Who is representing the Class Members in this case?

The Court appointed the following firms as "Class Counsel" to represent the Class:

Daniel A. Schlanger, Esq.
Kakalec & Schlanger, LLP
85 Broad Street, 18th Floor
New York, New York 10004
(212) 500-6114, ext. 101
dschlanger@kakalecschlanger.com

Anthony J. Pietrafesa, Esq.
721 University Building
120 East Washington Street
Syracuse, NY 13202
(518) 218-0851
ajp@ajp11law.com

These attorneys are experienced in handling class actions. You will not be charged for their services. You may hire your own attorney to represent you in this matter. If you want to be represented by your own lawyer, you will be responsible for paying his or her fees.

The Terms of the Settlement

7. What is the proposed settlement?

Each person who does not opt out of the Settlement will be releasing claims, as described in response to Question 8, in exchange for the following relief:

A. Mail You a Check for $250

If the Settlement becomes final, each Class Member who does not opt out will receive a check in the amount of $250.

B. Pay the Cost of Administering the Settlement

Defendant will pay all costs of administering the Settlement, including the fees and costs of the Settlement Administrator in sending out this Notice. If any checks remain un-cashed, the remaining funds will be distributed to a non-profit organization that does work on behalf of consumers.

C. Pay Attorney's Fees and Costs

Defendant has agreed to pay Class Counsel's reasonable attorneys' fees and expenses incurred in connection with this litigation, not to exceed $36,000, subject to Court approval. This payment will not reduce the benefits to each Class Member.

D. Pay an Incentive Award to the Class Representative

Defendant will pay Mr. Klippel $1,000 in exchange for his release of his individual claims, plus $2,500 as a service payment in recognition of his efforts on behalf of the Class, for a total of $3,500.

8. What claims are released if I participate in the Settlement?

Class Members who do not opt out will not be able to sue, or continue to sue, the Defendant as part of any other lawsuit about the same legal claims that are the subject of this lawsuit. If you join the Settlement Class, you will be legally bound by all of the Orders this Court issues and judgments this Court makes in the Settlement.

Under the Settlement Agreement, each Class Member who does not opt out will be bound by the following release of claims:

Each Class Member releases and discharges Portfolio Recovery Associates, LLC and Catherine M. Hedgeman, Esq. (an employee of Portfolio Recovery Associates, LLC), as well as their officers, directors, shareholders, employees, agents, predecessors, successors, limited partners, general partners, affiliates, attorneys, parents, subsidiaries, assigns and insurers of all suits, liability, and claims, including claims for the payment of attorney's fees and costs, which were raised or could have been raised in the instant action based on a common nucleus of operative facts, to wit claims asserted that were or could have been asserted by the named Plaintiff on behalf of the class in connection with the summonses and complaints served on Class Members in actions where the Defendant knew or had reason to know that venue and jurisdiction were improper. Nothing in this release shall be construed to waive or release any claim by a Class Member based on an alleged misstatement by any Defendant of any consumer's balance, in whole or in part, or with regard to the validity of an alleged debt.

If you opt out of the Settlement, you will not release any claims. However, there is no guarantee that anyone who opts out of the settlement will have any viable claims or receive any compensation.

Your Rights and Options

9. How do I participate in the Settlement?

You do not need to do anything to be included in the Settlement. Inclusion is automatic and you will be included, and receive $250, unless you specifically request to opt out as described in response to Question 10 below.

10. How do I opt out of the Class?

If you do not want to be included as a Class Member, you must submit a written request for exclusion. The request for exclusion **must** (1) set forth your full named and current address and (2) specifically state your desire not to be included as a Class Member.

You request for exclusion must be sent by First-Class U.S. Mail, postage paid, to the following address: _____. Your letter must be postmarked on or before [date not less than 60 days from the date of the Notice].

If you choose not to be included as a Class Member, you will not enjoy any of the benefits of the Settlement described in response to Question 7 above. You also will not be permitted to object to the terms of the Settlement, as described in response to Questions 11 and 12 below.

Any person who falls within the definition of a Class Member stated in response to Question 4 above, but who does not submit a request for exclusion in complete accordance with these requirements, will be included as Class Member and shall be bound by the terms of the Settlement.

11. What if I object to the terms of the Settlement?

Objecting is telling the Court that you do not approve of the Settlement or that you dislike the Settlement. Any Class member who wishes to object to the Settlement must send a written objection ("Objection") to the Settlement Administrator by First-Class U.S. Mail, postage paid, to the following address ____.

An objection must be postmarked no later than [date no less than 60 days after date of the Notice].

The objection must set forth: (1) your full name, current address and telephone number; (2) a statement of the position you wish to assert in opposition to the Settlement, including any factual or legal grounds for the position; and (3) you must provide copies of all documents you wish to submit in support of your position.

Any person who does not strictly comply with these procedures will not be permitted to object to the Settlement.

Any objector may appear at the Fairness Hearing on [__], in person or through counsel, to show cause why the Settlement should not be approved as fair, adequate, or reasonable.

12. What is the difference between objecting to the settlement and not joining the Settlement Class?

If you choose to opt out you are not a Class Member. If you are not a Class Member, then you cannot object to the Settlement. You may not object and then exclude yourself from the class. You may not exclude yourself from the class and then object.

13. What will happen at the Fairness Hearing?

At the Fairness Hearing, presently scheduled for XXX a.m. on XXX 2016, Judge D'Agastino will hear arguments on whether the settlement is fair, reasonable, and adequate and whether it should be given final approval. The Judge will also consider any objections, determine whether Class Counsel's requested attorneys' fees and expenses are reasonable, and whether payment of the Class Representative's service fee and enlarged statutory damages for the Class Representative should be approved. Unless you wish to object to the settlement, **you are not required to attend the Fairness Hearing**. You are welcome to attend at your own expense. The Court may adjourn the Fairness Hearing without further written notice to Class Members.

14. How will I know if the settlement is approved?

If the Court approves the settlement, the final approval order will be made available at this website: www.XXXXXX You may also contact Class Counsel.

Additional Information

15. How may I obtain more information about the case?

Do not contact the judge or the Clerk of Court for legal questions or advice. You may obtain copies of the complaint and other documents filed in this lawsuit from the Clerk of the Court, United States District Court, Northern District of New York, James T. Foley Courthouse, 445 Broadway, Albany NY 12207, during regular business hours. You will need to provide the name of the lawsuit and the case number: *Klippel v. Portfolio Recovery Associates, LLC, et al.*, Case No. **1:15-cv-01061.** You can also obtain documents filed with the Court in this case through the website www.pacer.gov, which requires registration and charges a small fee. You may also contact Class Counsel at the addresses listed in the answer to Question 6 above.

16. What if my address changes?

If your address has changed, or changes in the future, you should send your new address and telephone number to Heffler Claim Group, the company selected to mail Notices and settlement checks to the Settlement Class members, at this address:[__]

THIS NOTICE WAS APPROVED BY THE UNITED STATES DISTRICT COURT, NORTHERN DISTRICT OF NEW YORK.

/s/______________________________